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Weekly Hog Report

August 18, 2014

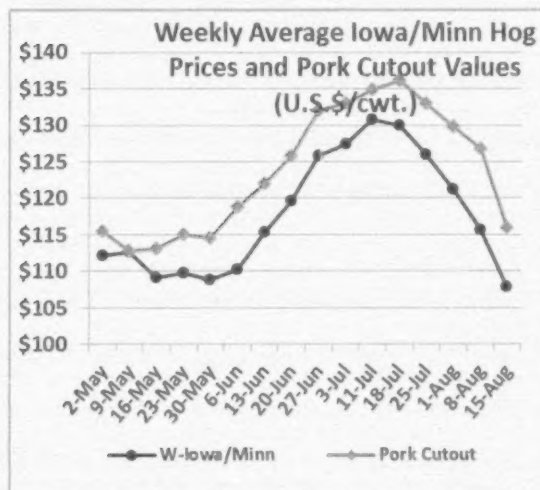
Cash Slaughter Weight Hog Prices

United States daily average cash hog prices (Iowa/Minn) continued to trend lower last week, ending lower week-over-week. Hog prices on Friday averaged US\$103.66 per cwt, down US\$10.67 per cwt or 9.3 per cent from US\$114.33 per cwt the previous Friday. The negotiated base price for the week averaged US\$107.77 per cwt, down US\$7.79 per cwt or 6.7 per cent from US\$115.56 per cwt the previous week. Hog prices continued lower on seasonal weakness from increased hog slaughter numbers and lower pork cutout values.

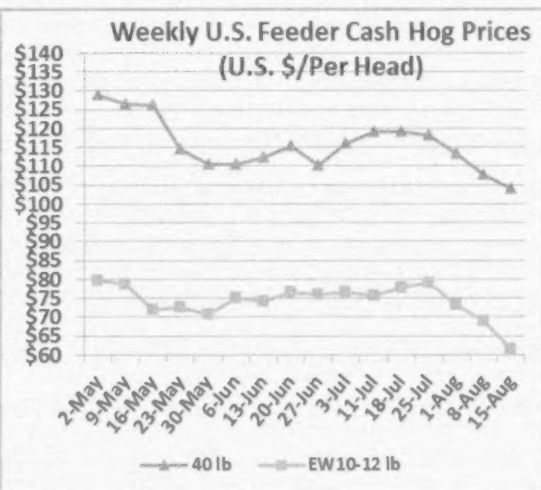
In Canada, the Signature#3 (Maple Leaf) Index 100 daily price for Friday August 15, 2014 was \$209.54 per ckg, down \$20.25 per ckg or 8.8 per cent from \$229.79 per ckg the previous Friday. Signature#3 weekly prices (Friday to Thursday) averaged \$220.85 per ckg, down \$12.93 per ckg or 5.5 per cent from the previous weeks' average price of \$233.78 per ckg. The Canadian dollar closed Friday at 91.84 cents, up 0.69 cents from the previous Friday close of 91.15 cents.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices continued lower last week on lower lean hog futures prices. Last week weighted average cash prices for iso-weans (12lb) were US\$61.65 per head, down US\$7.33 per head from US\$68.98 per head the previous week. Feeders (40lb) were US\$103.90 per head, down US\$3.84 per head from US\$107.74 per head the previous week.



Source: LMIC

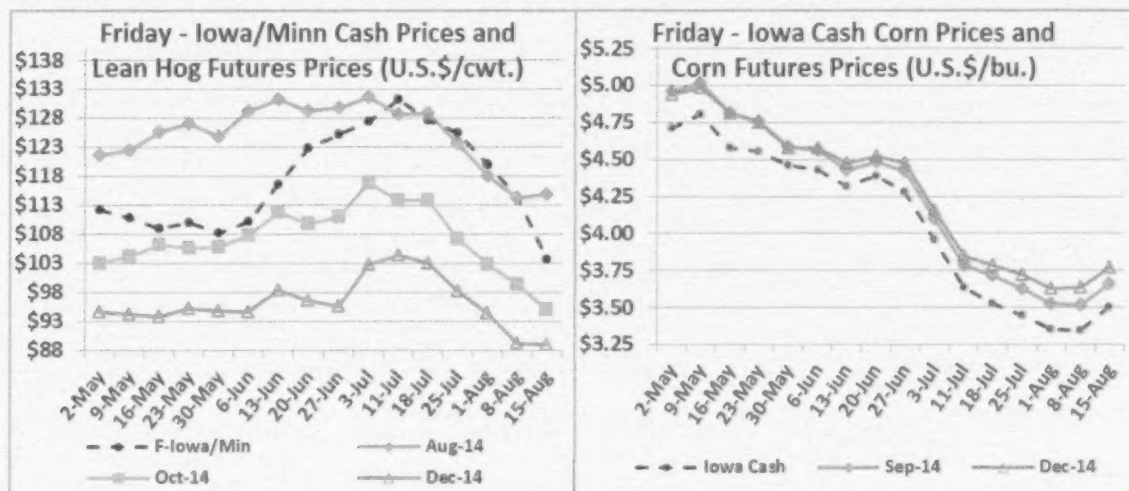


Source: LMIC

Futures Markets

Lean hog futures prices were mostly lower last week except the nearby August contract which increased US\$0.60 per cwt to expire Thursday at US\$114.285 per cwt. The October contract declined US\$4.375 per cwt to settle Friday at US\$94.950 per cwt, while the December contract declined US\$0.100 per cwt to settle Friday at US\$89.050 per cwt.

Agriculture commodity futures markets were mixed from the previous week with nearby corn and wheat futures prices higher while soybeans, crude oil, and gold prices were lower, week-over-week.



Source: CME

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Iowa cash corn prices and the nearby corn futures moved higher last week for the first time in many weeks. Cash corn prices have been trending downward since early May, declining by about US\$1.40 per bushel up to last week. The Iowa cash price on Friday was US\$3.50 per bushel, up over 15 cents from US\$3.34 per bushel the previous Friday. The September corn futures contract was up 14 cents to settle Friday at US\$3.65³/₄ per bushel, while the December futures contract was up over 13 cents to settle Friday at \$3.77 per bushel.

Hogs Slaughtered

U.S. hogs slaughtered under federal inspection last week ending August 16 were estimated at 2.017 million head, up 5.1 per cent from 1.919 million head the previous week, but down 7.7 per cent from 2.185 million head from the same week a year ago. U.S. hogs slaughtered over the last four weeks ending August 16 averaged 1.917 million head, down 6.8 per cent from 2.057 million head the same four week period a year ago.

In Canada, federal and provincial hog slaughter numbers for the shorter holiday week ending August 9, 2014 were estimated at 360,643 head, down 6.3 per cent from 384,727 head the previous week, and down 1.9 per cent from 367,643 head the same week a year ago. Canadian hogs slaughtered over the last four weeks ending August 9 were estimated to average 384,087 head, up slightly from 383,196 head over the same period a year ago.

Meat Production

U.S. pork production for week ending August 16 was estimated at 429.7 million lb., up 5.1 per cent from 408.9 million lb. the previous week, but down 3.3 per cent from 444.5 million lb. the same week a year ago. Pork production over the last four weeks ending August 16 was estimated to average 408.4 million lb., down 2.2 per cent from 417.5 million lb. over the same four week period a year ago. Dressed hog weights were about 9 lb. or 4.4 per cent heavier compared to the same week a year ago.

U.S. beef production for the week ending August 16 was estimated at 465.5 million lb., up one per cent from 460.7 million lb. the previous week, but down 6.5 per cent from 497.6 million lb. over the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending August 9, 2014, was estimated at 1.916 billion lb., down 1.9 per cent from 1.954 billion lb. over the same four weeks a year ago, and down 1.9 per cent year-to-date.

United States Weekly Meat Production

(Aug. 9) Four Week Average - Million Lb.			Percent Change	
	2013	2014	4wk. 2014	YTD 2014
Pork	408.3	398.9	-2.3%	-0.4%
Beef	506.4	464.1	-8.4%	-5.5%
Chicken	904.6	922.8	2.0%	-0.4%
Turkey	134.4	130.0	-3.2%	-4.5%
Total	1,953.7	1,915.8	-1.94%	-1.95%

Source: LMIC

Cutout Values

The U.S. pork cutout values for the week ending August 16, 2014 averaged US\$116.00 per cwt, down US\$10.70 per cwt or 8.4 per cent from US\$126.70 per cwt from the previous week, but up 12.0 per cent from US\$103.57 per cwt the same week a year ago.

Average beef cutout values (Choice 600-900 lb.) for the week ending August 16 averaged US\$257.35 per cwt, down US\$4.91 per cwt or 1.9 per cent from the record weekly average price of US\$262.26 per cwt from the previous week, but up 33.9 per cent from US\$192.13 per cwt the same week a year ago.

USDA World Agricultural Supply and Demand Estimates (WASDE)

On August 12 the USDA released the August World Agricultural Supply and Demand Estimates (WASDE). United States corn production estimates were increased 2.1 bushels per acre to 167.4 bushels per acre from the July estimates increasing total estimated production to 14.032 billion bushels for 2014. While USDA's August estimates were higher than July's, they were below the average trade estimates of 170.098 bushels per acre for total estimated production of 14.253 billion bushels. U.S. cash and future corn prices moved higher last week, likely on lower estimates than expected. The U.S. average farm price estimate for corn was reduced 10 cents to a price range of US\$3.55 to US\$4.25 per bushel.

U.S. soybean production estimates were slightly increased to 45.4 bushels per acre increasing total production estimates to 3.816 billion bushels. Higher estimated soybean usage helped to only increase the ending stocks by 15 million bushels to 430 million bushels. Average trade estimates for yield and production were slightly higher than USDA estimates. Average farm price estimates were reduced 15 cents to range from US\$9.35 to US\$11.35 per bushel.

The August USDA WASDE report estimated that United States Red Meat and Poultry production for 2014 will be 92.234 billion lb., a slight increase from the July estimates, but a 1.2 per cent decline from 2013 production. Pork production estimates for 2014 were increased slightly from the July estimates to 22.8 billion lb., but are still estimated to be 1.7 per cent below the 2013 production numbers due to the Porcine Epidemic Diarrhea virus in the United States. While 2014 U.S. beef production was revised slightly higher from the July estimates, beef production in 2014 will be down the most from 2013, compared to the other meats. United States meat production for 2014 is projected to decrease for pork (-1.7%), turkeys (-1.6%), and beef (-4.5%), but increase for broilers (+1.5%), from 2013 production.

USDA August World Agricultural Supply and Demand Estimates

		Million Pounds				Total Red Meat & Poultry
		Beef	Pork	Broiler	Turkey	
2013	Annual	25,720	23,178	37,830	5,805	93,333
2014	July Proj.	24,538	22,760	38,233	5,717	92,031
2014	Aug. Proj.	24,561	22,779	38,399	5,711	92,234
% Chg.	July-Aug.	0.09%	0.08%	0.43%	-0.10%	0.22%
% Chg.	2013-14	-4.51%	-1.72%	1.50%	-1.62%	-1.18%

Source: USDA August WASDE Report, August 12, 2014

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